Environmental Labeling Issues, Policies, and Practices Worldwide

1. Introduction

This research is part of the EPA's overall effort to educate and inform product users about the environmental attributes and consequences of products they purchase. It documents the state of environmental labeling worldwide and provides a basis for anticipating trends.[2] This report focuses on environmental labeling efforts aimed specifically at retail consumers; however, many of the labeling activities and programs covered have non-retail applications. The findings are expected to educate and inform those who may be directly affected (e.g., environmental policy makers, product manufacturers, organizations/governments making large purchases of consumer products) or indirectly affected (e.g., trade officials) by environmental labeling programs on the operation and development of environmental labeling programs. This report should also advance the debate about the utility of environmental labeling programs.

The term "environmental labeling" covers a broad range of activities from business-to-business transfers of product-specific environmental information to environmental labeling in retail markets. Labels, as well as other labeling program activities, serve a variety of purposes and target a number of different audiences.

At one end of the spectrum, business-to-business environmental labeling includes activities such as the provision of Material Safety Data Sheets (MSDSs), product stewardship programs, hazard communication programs, and product manifests. All of these activities are meant either to provide industrial customers and workers with information on the health, safety, and environmental effects of the products they purchase or to encourage them to use these products in ways that minimize their eventual impact on human health and the environment. At the other end of the spectrum, environmental labeling programs have been established worldwide to help consumers evaluate the environmental attributes of the products and services they are considering buying. In this case, the term "consumer" is not limited to private citizens but includes governments and large institutions seeking to incorporate environmental considerations into their procurement processes.

One goal of such programs, typically, is to promote environmental improvement by encouraging consumers to choose products and services considered to be environmentally preferable.[3]

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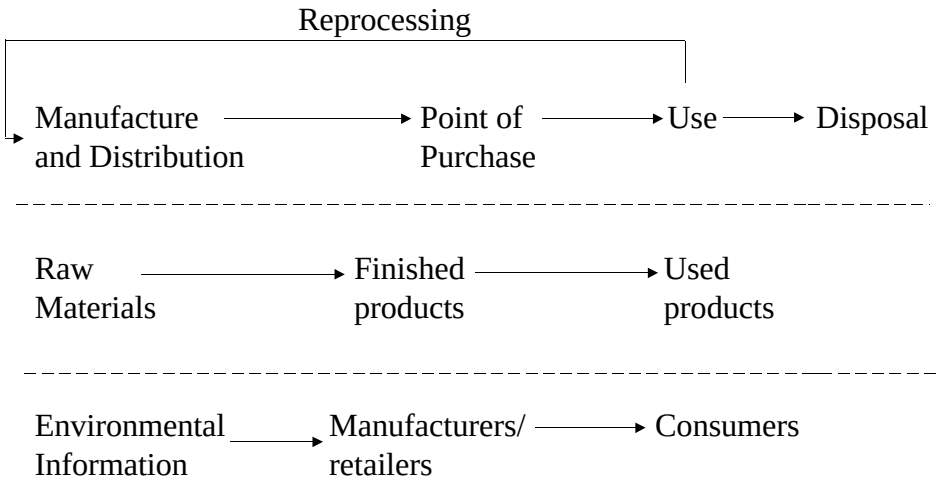
[2] This report builds on the *Status Report on the Use of Environmental Labels Worldwide* (EPA Document #742-R-9-93-001) by updating findings and documenting changes.

[3] Gaining more prominence in the past few years is the environmental certification of certain service industries such as hotels. Issues such as water conservation and energy efficiency are among the environmental attributes most frequently evaluated. For ease of presentation, the term "products" will be used throughout the

Related information dissemination activities include, but are not limited to, the Environmental Protection Agency's (EPA) Consumer Labeling Initiative (CLI), the Environmentally Preferable Procurement (EPP) Program and other numerous product labeling programs, the International Organization for Standardization's (ISO) efforts to develop standardized environmental labeling criteria, and the Federal Trade Commission's (FTC) guidelines for making environmental claims. Additionally, there are information disclosure activities among U.S. state programs. For example, the state of California's Proposition 65 program mandates that information on a set of listed toxics be disclosed on product labels. Similarly, Vermont's Household Hazardous Products Shelf Labeling Program requires retailers to place a label on store shelves that stock household products containing hazardous materials. These types of programs do not lead to product labeling per se, but provide consumers with added information about the products they purchase.

Information concerning the health and environmental effects of products and product constituents is currently available through a number of pathways, of which labeling is just one. Much of this information is already generated by manufacturers and is available at various stages of product manufacture. For some but not all products, environmental information may be passed on to retail customers (see Chart 1-1).

Chart 1-1: Flow of Information from Manufacturers to Consumers



For example, the Occupational Safety and Health Act (OSHA) requires manufacturers to generate an MSDS that includes a description of the product's physical and chemical properties, as well as its health, fire, and explosion hazards. MSDSs must be provided to workers, industrial customers (e.g.., formulators and distributors) and Local Emergency Planning Committees.

report to refer to products and services.

Warning information is required by the US Department of Transportation (DOT) during interstate transport of hazardous materials such as explosives, flammables, radioactive materials, and pathogens. Many of the chemical manufacturing, formulating, and distributing sectors have adopted the tenets of product stewardship. Companies practicing product stewardship take a "cradle-to-grave" approach to their products by encouraging the safe use and disposal of their products after they have been sold to industrial customers. Product stewardship can take the form of voluntary services offered to customers in the form of brochures, training videos, and site audits, as well as mandatory requirements that determine whether or not the company will sell or ship to a specific company. The Chemical Manufacturers Association's Responsible Care Program is one example of a product stewardship program. These information dissemination activities serve different purposes and typically, neither reach the general public, nor are organized into a format that would be readily understandable by consumers. With the current increase in consumer right-to-know initiatives, particularly in the US, and interest in its uses as a soft policy tool, the demand for environmental labeling has been increasing.

The type of information presented on labels varies widely, depending on issues specific to the product and whether labeling is mandatory or voluntary. For example, products subject to the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) requirements must carry labels that list the active ingredients in the product, first aid statements, environmental, physical and chemical hazards, directions for use, and instructions for storage and disposal. Other products may carry voluntary labels specific only to environmental attributes such as the percent of post-consumer recycled content of the product or its packaging. Note that these examples all describe characteristics of the product during use or disposal: some labels may also present information about the manufacture of the product. For example, categories like resource consumption, energy use, pollutant releases to the environment, and workplace and ecosystem effects may be addressed.

Environmental labels provide an opportunity to inform consumers about product characteristics that may not be readily apparent. For example, it may be unsuitable to pour unused cleaning product down the drain, due to the product's potential aquatic toxicity. Additionally, labels allow consumers to make comparisons among products. Armed with this information, consumers have the ability to reduce the environmental impacts of their daily activities by purchasing environmentally preferable products and minimizing their consequences during use and disposal. Labels help consumers vote their preferences in the marketplace and therefore potentially shift the market toward products that minimize environmental impacts. Label information helps consumers to use safely and properly recycle or dispose of both products and packaging.

The purpose of this report is to provide an overview and analysis of environmental labeling programs worldwide. Chapter 2 provides an overview of environmental labeling from the perspective of the United States. The chapter sets out some important background issues, history, and definitions, all of which are critical to understanding the development of environmental labeling to date, as well the future outlook for US programs. Chapter 3 describes

the types of environmental labeling programs, including specific definitions of program types. Chapter 4 presents an overview of environmental labeling programs worldwide. Topics covered include program breadth, methodology, recent changes, and coordination with other programs. Summary statistics are also provided. In Chapter 5, the forces affecting environmental labeling programs, such as public/societal interests, consumer interests, retailer's interests, producer's interests, operating costs/profits, standardization, and procurement programs are discussed. Chapter 6 discusses recent program changes and possible future trends. Finally, Appendix A summarizes the labeling programs covered in this report, and Appendix B provides detailed program summaries. The findings and summaries contained herein are based on a number of efforts that provide complementary research, including EPA's direct experience with environmental labeling and labeling programs, EPA's involvement in related governmental initiatives, literature reviews and investigations into labeling and program administration, and EPA's coordination with domestic and international programs.